

a2 Milk Company to acquire Yashili New Zealand Dairy

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The a2 Milk Company (a2MC) has announced a major strategic reshaping of its nutritional manufacturing footprint, acquiring Yashili New Zealand Dairy Co., Limited, while divesting its stake in Mataura Valley Milk Limited (MVM). The moves are aimed at strengthening market access, expanding product capability, and optimising assets to drive long-term growth.

a2MC will acquire all shares in Yashili New Zealand Dairy Co., Limited, located in Pokeno, from Yashili International Group Limited (a subsidiary of China Mengniu Dairy Group) for approximately \$282 million on a debt- and cash-free basis. The facility includes two China-label infant milk formula (CL IMF) product registrations, highly valuable for entry into China's NZ\$23 billion IMF market. Alongside the acquisition, the company will divest its 75 per cent shareholding in MVM, with partner China Animal Husbandry Group (25 per cent), to Open Country Dairy Limited. a2MC expects to receive net proceeds of around \$100 million, although it will recognise a loss on the sale of approximately \$130 million.

The company also plans to invest around \$100 million in a multi-year capital programme at its new Pokeno site, enhancing capacity and capabilities, while creating more than 100 new jobs.

Chair Pip Greenwood said, "The Pokeno manufacturing facility acquisition and MVM divestment represent a significant step in our supply chain transformation and opportunity for further growth for the Company. With greater certainty over future capital needs, the Board is pleased to announce its intention to declare a fully franked and unimputed special dividend of \$300 million after obtaining regulatory approval to bring the new China label registered products under The a2 Milk Company brand and completion of the MVM divestment."

Over time, a2MC expects attractive financial returns through vertical integration, with return on invested capital projected to meet its cost of capital by FY29.